



A newsletter for the cranberry growers of Clement Pappas & Co.

## Grower recruiting and retention: a prime concern

By Brooke Peterson • Director, Grower Relations

One of our very clear goals at Clement Pappas & Co., Inc., is retaining our present growers and attracting new ones.

Cranberries are an important part of our business and cranberry growers are important people. For years, Clement Pappas has received fruit directly from cranberry growers and also from other suppliers. As our business grows, we want to support that need by contracts with new growers, plus retain our current growers. If we do this right, it should provide stability to our supply and be a win-win for Clement Pappas and the



Grower Relations Director Brooke Peterson gets a "hands-on" view of the 2002 cranberry harvest.

grower.

The formula for retaining and attract-

ing new growers is dependent on several important factors. We think the most important considerations are:

### 1. Offering a competitive price

As a grower, you need to be confident that your handler will be a company that will offer a favorably competitive price for your product. We understand and intend to do just that! Perhaps the best indication of how we are likely to pay in the future is what we've paid in the past. We think that we fare well in any comparative analysis with our competition. We compare favorably in price paid, with

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## Tips for managing protective ice on your vines

By Teryl Roper

Early December finds growers flooding their vines in hopes of making enough ice to protect them through the cold winter months ahead. While flooding vines to make ice has been practiced for decades, little research data exists on what benefits and costs are associated with flooding or how it may be improved.

Several years ago we did some research on winter management practices in an attempt to increase our knowledge. Unfortunately, the two winters we did the work were two of the warmest on record in Wisconsin.

I believe that aerating water before

flooding is important. This can be done by bubbling air through flood water or by flowing water over a board. Fortunately, cold water can hold more oxygen than warm water. Overnight lows below 0° F are ideal. Unfortunately, we can't affect the weather. Once sufficient ice is formed the water must be drained out from underneath the vines. Monitoring oxygen content of the water under the ice will give an indication of when the water must be drained.

Some growers have traditionally sanded early in the winter while others believe in sanding late. In the big picture I'm not sure that one is clearly superior to the other. Our research suggests that light is

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## Peter Pappas' comments to Massachusetts growers



Peter Pappas

**Editor's Note:** The following comments are excerpted from C.O.O. Peter Pappas' talk during a dinner meeting Nov. 21 with our Massachusetts cranberry growers.

Clement Pappas & Co., Inc., has been in the cranberry business for our entire history of 60 years and throughout that period Massachusetts has been the major source of our supply. My father, Clement Pappas, started buying cranberries from the Decas brothers sometime in the early 1930's when he was in business with his brothers and another partner. The reason I mention this history is that Clement Pappas roots in Massachusetts go way back and I can tell you we are more committed today, than ever, to Massachusetts as a major source of our cranberry supply.

The best evidence of this commitment is our purchase of the Hiller facility this fall as well as continuing to work with the Hillers in maintaining a close relationship with our growers. We will continue to make improvements to our receiving station to ensure that it is the most grower-friendly operation in the area.

### Clement Pappas developments over the past year

During the last year, we at Clement Pappas have worked hard to continue to grow and diversify our business. Our major focus is growth in the store brands and private label business. We supply virtually every major retailer that carries store branded food products with juices, drinks, and/or cranberry sauce. We also sell to many food service accounts that distribute those same products to schools, hospitals, nursing homes, and all other types of food establishments.

We continue to sell juices under the Ruby Kist label, although our emphasis continues to be "store brands." We recently completed a redesign of our Ruby Kist label. We believe this redesign will convey to consumers a better quality image of the brand and generate greater sales as a result. Most of our Ruby Kist sales are through regional chains and

value retailers such as Dollar Stores.

While our principal business is manufacturing for our private-label partners, part of our strategy is diversification. Part of this diversification is via geographical expansion. This is evidenced by the acquisition of the Northland facility in North Carolina in 2001, as well as its private label cranberry sauce business.

This past spring we announced that we had reached an agreement to acquire the West Coast business of Hi Country Foods, a regional processor of fruit juices distributed throughout the Western U.S. We had anticipated that we would complete this acquisition by late summer. Our due diligence has taken much longer than we anticipated but we are very hopeful that we will complete this transaction early next year. We are highly energized by the prospect of having coast-to-coast North American operations to service our customers. We believe that this capability will provide for significant growth potential by giving us access to supplying every national account.

### Some other new developments

During the last year we entered into organic juices, which we plan to sell to a variety of retailers. We consider this a good growth opportunity. We have contracted some cranberry acreage in Canada and will be looking for additional fruit. Currently most of the organic cranberry juice product sold in the U.S. is coming from Russia. We would prefer to source our cranberries from North America and will look to our growers to participate in this program where it makes economic sense to do so.

We continue to focus part of our diversification strategy on the faster growing away from home food segment. We are expanding our customer base and developing new products and packaging systems to meet the evolving demands of this market. One specific area we are pursuing is in providing bulk beverages and concentrates for use through dispensing systems.

### Clement Pappas and the marketplace

The marketplace continues to be extremely competitive. Food retailing is a dog-eat-dog industry and virtually all retailers are under tremendous competitive pressure. Consolidation is still the order of the day, most evidenced by the growth in WalMart.

WalMart is growing its food retailing by more than everyone else combined. The competition among retailers translates into price pressure on suppliers. While total food growth is 1-2 percent per annum, the big news is the consolidation and redistribution of market share. As each retailer struggles to stay competitive, he is compelled to place additional pressure on suppliers for lower pricing.

Another relatively recent development is on-line auctions. These are reverse auctions, where the price comes down as the bidding ensues. The net result of on-line auctions is a driving-down of the price.

Overcapacity at all levels, in the store and in manufacturing, is also driving down prices. At the same time, Wall Street looks for improved earnings in every quarter. The competition and difficulties in food retail businesses can be seen by looking at their recent stock performance.

Our prices for cranberry products are as low as anytime I can remember over the past 20 years. This is true for all private label juices. Apple juice is as low as \$0.70/unit. Ocean Spray continues to be very aggressive in recapturing its market share losses over the past several years. We continue to see aggressive promotions in conventional stores as well as in other formats such as club and drug stores. It is not uncommon to see two for \$3.00 Ocean Spray half gallon cranberry drink promotions.

Regional brands that could source very cheap cranberries over the past year have and continue to "give" products away. A recent example of this activity is an Old Orchard ad I saw in a major Chicago food chain where their gallons

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## Notes from the field

**Bill Arendt**, second from right, talks over the day's harvest strategy with workers, from left, **Dawn Cumberland**, **Jody Utpadel** and **Paul Wennesheimer** at far right.



For a few days during the 2002 Cranberry Harvest, Grower Relations Director Brooke Peterson helped harvest cranberries in a Wisconsin marsh. The following is an accounting of his experience:

My work as a volunteer cranberry harvest worker started with multiple objectives. My overall goals were to better learn the unique mechanics involved in harvesting cranberries. This “hands-on” experience, I reasoned, would make me better at my job. This was going to occur by learning the specifics and also the subtleties of harvesting cranberries. Another important goal was to have some fun.

What I needed to accomplish these objectives was a grower who was willing to let me “get in the way” for a few days to obtain this experience. Last summer, I mentioned my desire to work the harvest to Bill and Diane Arendt from Nekoosa, Wis. They promptly invited me to come to their marsh for a few days to get the aforementioned education.

In the fall, Bill, remembering my request, telephoned me to confirm my intentions.

“Yes, I would like to work for a couple of days and I’ll try my best to not be too big a nuisance”, I said. Bill did the rest. I was set to spend time on the beaters, operate the tractor boom and blower, and corral the berries from inside the marsh. I would spend some hours doing each job. I would even get up in the middle of the night to “go check the flood.” Sounded good.

The first day of harvest approached, and speaking frankly, my personal

objectives were simplified and prioritized. In order:

1. Don’t trip or otherwise find myself in a position that allows ice cold water to come over the top of my hip boots.
2. Not make an idiot of myself. Try to help, but have the good sense to stay out of the way when the pros needed to get something done.
3. Work as hard as the rest of the crew and not complain that it is cold, or that the work is tiring or difficult. It was obvious that the cranberry harvest crews were seasoned workers, accustomed to the rigors of strenuous work in varying weather conditions, including snow and rain. The last thing they would want is some wimp complaining all day long.

I knew that I could “hack it.” I’ve worked hard in agriculture all my life, including my share of hard physical labor and operating tractors and other farm equipment—just not cranberry beaters. But the notion of spending a day almost hip deep in ice cold water in other wise chilly conditions seemed a bit daunting.

The first step off the dike, and hopefully over the ditch, into an ice cold flooded bog is no great leap for mankind, but it is a remembered moment for the anxious neophyte. I personally likened it to my memories of being a student pilot and having to practice stalls (where the pilot pulls back on the yoke far enough that the plane is

pitched up so steeply and going so slowly that it “falls”). In both cases, the real result is less dramatic than the anticipation of thinking about the “what ifs.”

It is now December and I can report unequivocally that the harvesting experience was a big success. Not only was it energizing to work outdoors in a beautiful setting (despite rain and snow and cold), it was very satisfying to be part of a team effort to help bring a healthful product to the market place—and I managed to stay fairly dry.

Cranberry harvest, all over North America, exemplifies the best of agriculture: hard working people doing honest work to bring food to others. Combine that with a beautiful natural setting and it doesn’t get much better. The couple of days at the Arendt farm gave me a chance to enjoy an ages old tradition of bringing in the crop. The Arendts employ many of the same people each year to help them in their harvest. The crew looks forward to coming back each season.

One of the draws, besides the hard work and the pay, are the lunches prepared for the crew by Bill’s father Paul. We enjoyed warm food inside the equipment shed. The homemade hot beef sandwiches were my favorite. After a day on the marsh, the crew could be found, once again, huddled in the relatively warm equipment shed enjoying another Wisconsin tradition of drinking a few beers and telling funny stories on their comrades.

All in all, I had a great time and am looking forward to a couple of more days in next year’s harvest. 🍷

## *Cranberry Institute conference deemed valuable*

*From information submitted by Jere Downing,  
CI Executive Director*

A recent research conference hosted by the Cranberry Institute on the health benefits of cranberries is being lauded as a big success. Half of the 20 or so researchers working on cranberries were in attendance along with representatives from the Cranberry Institute supporting companies. Researchers attended from as far away as Scotland (the Rowett Institute).

The goal of the conference was to provide an opportunity for cranberry researchers to network and develop ideas for future collaboration. Research reports presented at the conference will help shape the health messages that can be developed through the Generic Development Program. The reports will provide CI and other funding organizations a better understanding of the status of health research and where to proceed with funding in the year ahead.

More information on the health benefits of cranberries and emerging research can be found by visiting the Cranberry Institute website at [www.cranberryinstitute.org](http://www.cranberryinstitute.org).

## *Protective ice tips for the grower*

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important to overwintering vines. We were able to measure net CO<sub>2</sub> uptake at 32° F in the laboratory. While the rate of photosynthesis was very low, it did occur. We also found that covering the ice with black plastic tended to decrease yields compared to sand that would also block light or to clear plastic that might interfere with oxygen diffusion through the ice (although I think most gas exchange occurs around the ice sheet to the free space underneath).

Whenever you choose to sand, I am confident that it has long term benefits in pest management and invigorating vines. Hopefully this winter will be cold enough to allow sanding over the ice. 🍷

### **The Cranberry Connection**

A newsletter for the  
cranberry growers of  
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## *Cranberry promotion launched*

*By Dave Farrimond*

The Cranberry Marketing Committee (CMC), in collaboration with the Cape Cod Cranberry Growers' Association and Wisconsin State Cranberry Growers' Association, launched its domestic promotion program on Oct. 1 with the issuance of a Proclamation by the U.S. Department of Agriculture designating October as National Cranberry Month.

Working with the Cranberry Institute, the Massachusetts, New Jersey, Wisconsin, Washington and Oregon State Growers' Associations, and industry representatives, the CMC retained the services of Publicis Dialog-USA, the nation's fifth largest food marketing agency, to coordinate promotion efforts.

The objectives of both the generic promotion programs, domestic and export, is to increase the consumption of fresh cranberries and cranberry products by increasing the awareness of the health, flavor and convenience benefits that cranberries offer.

CMC's export promotion program was initiated in 1999 to promote cranberries in Japan, Germany and Mexico. Export activities are coordinated through Bryant-Christie, Inc. To date the cranberry industry has contributed \$221,349 through assessments, while funding through the

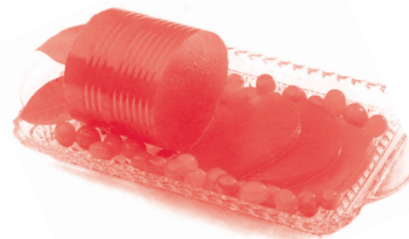
USDA/FAS Market Access Program has accounted for an additional \$937,577 towards export promotion efforts.

The first year of the three-year domestic promotion program focuses on health professionals and consumers. CMC has partnered with the Cranberry Institute in developing programs that will focus on getting the health related benefits of cranberries message out to health professionals, who in turn are key influencers of health information to consumers.

CMC/Publicis has also partnered with the state grower associations to work with and assist where possible in consumer promotion. Since Oct. 1, numerous cranberry related stories on food, lifestyle, and health have appeared in print and on radio and television.

Unlike the export promotion program where the industry receives federal funds to use in its promotional efforts the domestic promotion program is funded solely by the industry through handler assessments. The CMC has budgeted \$500,000 towards domestic promotion, with direct and in-kind contributions coming to the CMC and CI from the state growers' associations.

More information on generic domestic and export cranberry promotion activities can be found on the CMC website, [www.uscranberries.com](http://www.uscranberries.com). 🍷



## Recruiting and retention of growers an ongoing concern

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the fastest payment schedule in the industry.

### 2. Remaining a competitive and able handler

Clement Pappas didn't survive 60 years in business without good management and an eye to the future. Today, we represent a solid choice for cranberry growers as a strong and progressive company. Clement Pappas is preparing for the future by diversifying through geographical expansion and expanding into diverse markets such as organic products, focusing on faster growing, away from the home food segment with new packaging and dispensing systems.

Clement Pappas' company structure allows timely and efficient decision making by experienced owners supported by a highly capable management team.



**Three cranberry beaters make quick harvest of a Wisconsin cranberry marsh during the 2002 harvest season.**

### 3. Being a company that growers like doing business with

Being the ideal business partner is more than offering a competitive price, being honest and competent. We want the business we conduct with our partners to be a mutually satisfying experience. We want to lessen your workload, not add to

it. If we can make life easier for you, that's better for us.

As you consider your options for the future, we want to be part of your plans and your success.

Your Clement Pappas business partner is a mere phone call away. Don't hesitate to pick up the phone. Let's talk! If you have cranberry growing neighbors, or know fellow growers who are looking for a stable and forward looking company that pays a highly competitive price, mention Clement

Pappas. We would be more than happy to talk to them—by phone or at their farm.

Call Brooke Peterson at (856) 305-2466, or in Massachusetts, you can also stop by the receiving station (508 -866-4788) during office hours and visit with Rob Hiller. ☺

## Industry Calendar

January 14, 2003 7:30 a.m.-1:00 p.m.	UMass Extension Winter Educational Meeting, Radisson Plymouth Hotel, Plymouth, MA
January 14-15, 2003	Wisconsin Cranberry School sponsored by WSCGA & UW Extension. Hotel Mead, Wisconsin Rapids, WI
January 15, 2003	UW Extension pesticide applicator training and certification session. call the Wood County Extension Office (715-421-8440)
February 9-10, 2003	UW Extension pesticide applicator training and certification session. Call the Wood County Extension office (715-421-8440)
March 13, 2003	Cape Cod Cranberry Growers Association winter meeting, Radisson Plymouth Harbor Hotel.
March 19-21, 2003	Atlantic Cranberry Mgt. Course, The Delta Halifax, Halifax, Nova Scotia; contact Blake Johnston, (902-680-0762)

## Comments to Massachusetts growers by Peter Pappas

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of cranberry and other beverages were featured on a buy one and get *two* for free at \$2.49. This equates to \$.83 per gallon. I would hope that this type of activity will diminish as higher priced cranberry concentrate begins to impact these regional bottlers who have no cranberry processing capability. While such companies have benefited from below cost of cranberry concentrate, they will likely be negatively impacted by cranberry pricing that reflects a more balanced supply and demand.

Overall cranberry juice sales are flat. Ocean Spray picked up market share, primarily due to white and light-style juices. One hundred percent cranberry juice is down significantly. Cranberry sauce sales volumes continue to decline. This trend has been the case for the last three to four years. This is attributed to the growing trend of eating out more often and a general decline in the purchase of canned products.

With more emphasis and availability of fresh fruits and vegetables year around, the typical shopper spends far less time in the grocery aisles and as a result is buying fewer items such as canned fruit products.

Clement Pappas & Company, Inc., has several initiatives it is undertaking to counteract the decline in the cranberry sauce segment. We are looking at new ways to package and present cranberry sauce to both retail and away from home

consumers and believe that we have some excellent potential to generate growth in cranberry sauce products.

### The cranberry industry

The cranberry industry continues to be very turbulent. We feel that the number of recent and on-going high-profile lawsuits in the cranberry industry contribute to the divisiveness in our industry. These lawsuits plus the recent departure of Rob Hawthorne add to the overall feeling of uncertainty in our industry. It is our belief that too much energy is being expended on attacking one another and not enough is being focused on building both the image and markets for cranberry products.

There is no question that the industry needs Ocean Spray's leadership and the high rate of turnover in its leadership is a serious problem. From our observations, Mr. Hawthorne made Ocean Spray a much tougher competitor in the marketplace through more aggressive selling. On the other hand, by creating and marketing successful new products such as white cranberry drinks, he has provided growth opportunities for the entire industry.

### Positive developments

Despite the number of challenges to the cranberry industry, mentioned above, there are several positive developments that we can all feel good about.

The industry continues the expansion of cranberries into new products—sweet-

ened dried cranberries are becoming prevalent in more and more foods, cereals, baked goods, energy bars, snack foods, etc. New branded products that contain cranberries by companies like Dole, Tropicana and Minute Maid mean more exposure and more consumption of cranberries. White cranberry sales have been growing and the export market for cranberry products is increasing. Light-style juices and the reported health benefits of cranberries are good news for health conscious consumers.

Over the past year, the concentrate market has steadily moved upward. This spot market pricing is an indicator of a firming trend and a diminishing oversupply of cranberries, which has been further corroborated by the declining carry-over at the end of the crop cycle as of Aug. 31, 2002.

While the concentrate price is not an immediate and direct indicator of berry price, the longer the market stays tight and the prices firm, the more closely concentrate and raw product price will resemble each other. While overall cranberry acreage continues to grow, growth has slowed. The purchase of several large tracts of cranberry acreage for land preserves will significantly reduce potential production.

While it is too early to know the outcome of these developments, the current supply and this year's final price, overall events seem to be strengthening the price growers will receive for their fruit. 🍓